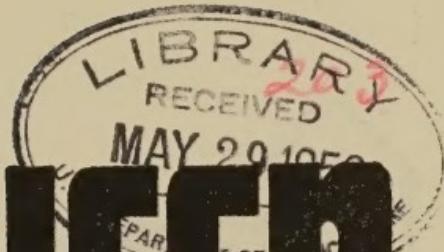
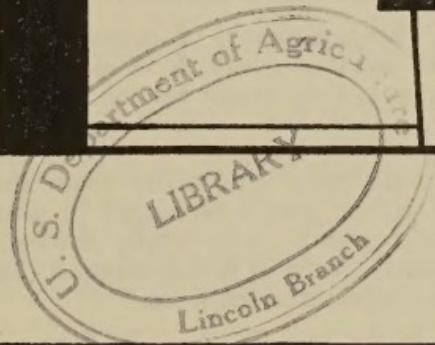
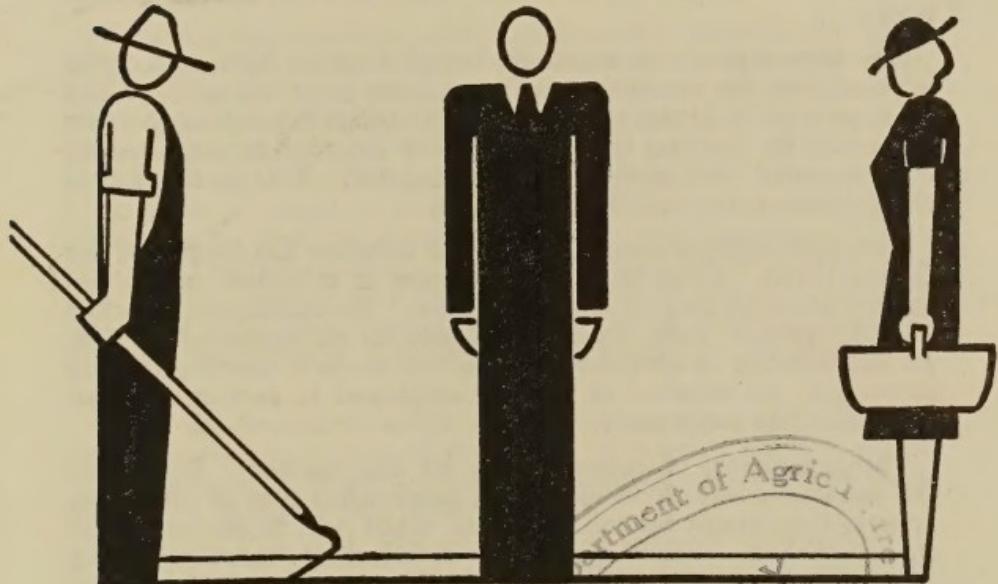


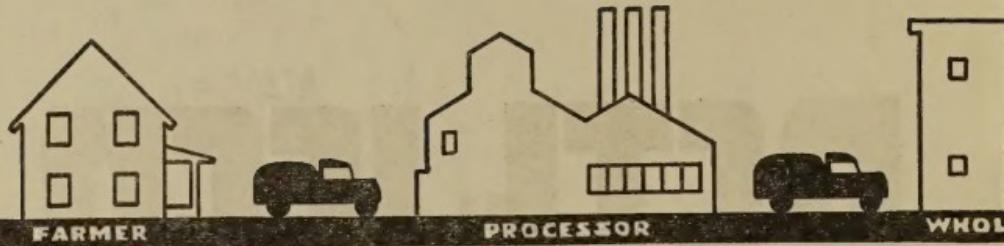
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# BETWEEN YOU AND ME



**U. S. DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION**



## The Distributor's Place in Production and Consumption

FOOD is not completely produced until it is on the consumer's table.

The farmer produces wheat for bread, hogs for ham, and cattle for beef, but the consumer can't eat these products until he has them as food on his table. The farmer's job is to produce the raw materials for feeding the Nation. But the raw materials must be processed and gotten to the consumer. This is the job of the manufacturer and the distributor.

The distributor bridges the distance between the farm and the dinner table. Sometimes this distance is in miles and sometimes it is in the form of special service. The distributor reaches "hands across" both distances to give us an essential service. As the number of services rendered in modern distribution has increased, the number of persons employed in service occupations also has increased.

The consumer, of course, pays for this service. But when the consumer buys food he should know what part of his dollar goes to the farmer for the raw food, what part to others for the transportation, processing, and distributing services which bring it to the table in form to use. For instance, the housewife should know that today when she serves a 9-cent 1-pound loaf of sliced bread wrapped in waxed paper, her family eats a little over 1 cent's worth of wheat, and somewhat more than 7 cents' worth of transportation, labor, baking, paper, and other materials and services.

In the last 25 years the farmer's share of the consumer's food dollar has ranged from as high as 60 cents in 1917 to as low as 33 cents in 1932. In 1939 the farmer received about 40½ cents out of every dollar the consumer spent for food.

While there have been wide fluctuations in what the farmer received during this 25-year period, there have been smaller variations in distribution margins, which tend to be fixed. Modernized distribution services, including improved labor rates and standards, have brought increased distribution costs. But prices paid farmers have not been in line with distributing margins since 1920 in spite of improvement in late years. A recent study shows:



	1914		1939	
	Dollars	Percent	Dollars	Percent
The typical workingman's family paid for 58 principal foods (per year).....	258	100	311	100.0
Of this, the farmer received.....	137	53	126	40.5
The distribution margin (transportation, processing, and distributing services) was.....	121	47	185	59.5

For some commodities, since the farmer's share in the retail price is usually small, even a large increase or decrease in the price the farmer gets should mean a relatively small difference in the price paid by the consumer. For example, the farm price of wheat has to increase 65 cents a bushel to equal an increased cost of 1 cent a loaf of bread to the consumer. The average farm price of wheat in 1939 was about 64 cents a bushel. In other words, had the farmer not been paid anything for his wheat in 1939, the cost of a pound loaf of bread to the consumer would have been only 1 cent less. Or, had the farm price of wheat in 1939 been double the actual price it should have increased the price of a pound loaf of bread by not more than a cent.

What the consumer wants is abundance at all times without the skyrocketing prices of scarcity. What the farmer wants, and must have in order to conserve the soil and buy the products of the city, is a fair and stable income.

What the Congress has provided for farmers and consumers in the Agricultural Adjustment Act is the machinery with which to work together toward a balanced abundance, at prices fair to both. Without balanced abundance there can be neither general prosperity nor effective conservation of the soil. With balanced abundance there is more to distribute, and more consumers are able to employ the services of producers and distributors.

Administrator.

"There is a point of balance . . . where the welfare of both the farmer and the consumer is best served. And it is that point of balance that we are working toward. That is what the agricultural adjustment program is all about."

—Secretary of Agriculture Henry A. Wallace.

## **Producer-Consumer Leaflets**

This is the seventh in a series of 12 leaflets dealing with the various ways in which the problems of farmers and city people are related. The following is the complete list of leaflets in the series:

- PC-1 And So They Meet.**—Farmers and city people: Both producers—both consumers.
- PC-2 The Things We Want.**—Making abundance work for all our people.
- PC-3 On Tired Soil.**—Poor soil means poor people on the farms and in the cities.
- PC-4 Two Families—One Farm.**—Stable tenure means better producers and better consumers.
- PC-5 To Buy Abundantly.**—Producers of abundance deserve to be consumers of abundance.
- PC-6 Plenty.**—Avoiding the scarcity of famine and over-abundance.
- PC-7 Between You And Me.**—The distributor's place in production and consumption.
- PC-8 None Shall Go Hungry.**—Making abundance work for low-income families.
- PC-9 Grow Your Own.**—Better home living means better production and consumption.
- PC-10 The Magic Carpet.**—Protection for grassland is protection for cities.
- PC-11 The Farm Home And AAA.**—Better farm income means better farm homes.
- PC-12 Country Life And AAA.**—A permanent security for farm and city.

Copies of this leaflet and others in this series may be obtained upon request from the Agricultural Adjustment Administration, U. S. Department of Agriculture, Washington, D. C.

### **Reference Suggestions**

The material in this leaflet is based on facts presented in various governmental studies and publications, including:

- "**From Producer to Consumer,**" by Donald E. Montgomery, Consumers' Counsel, Agricultural Adjustment Administration.—A series of five articles appearing in *The Nation's Agriculture*, February-June, 1939.
- "**Price Spreads Between Country and Town.**"—Report of the Secretary of Agriculture, 1938, pages 96-97. U. S. Department of Agriculture.
- "**Agricultural Adjustment, 1937-38.**"—G-86, pages 63-67, Agricultural Adjustment Administration, U. S. Department of Agriculture.